

Underserved Victims: Financial Exploitation and Fraud

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Financial Crimes

- * Economic and financial crimes cost American individuals and businesses billions of dollars every year.
- * Various forms of fraud generate massive losses to individuals every year.
- * Researchers widely believe that financial crime is underreported, and these crimes can be difficult to investigate and prosecute.

Economic Fraud Stats

- * During 2011, an estimated 10.8 percent of adults (25.6 million people) were victims of one or more types of fraud for a total of 37.8 million estimated incidents of fraud.
- * In 2014, consumers reporting fraud to the Federal Trade Commission lost a total of more than \$1.7 billion dollars.

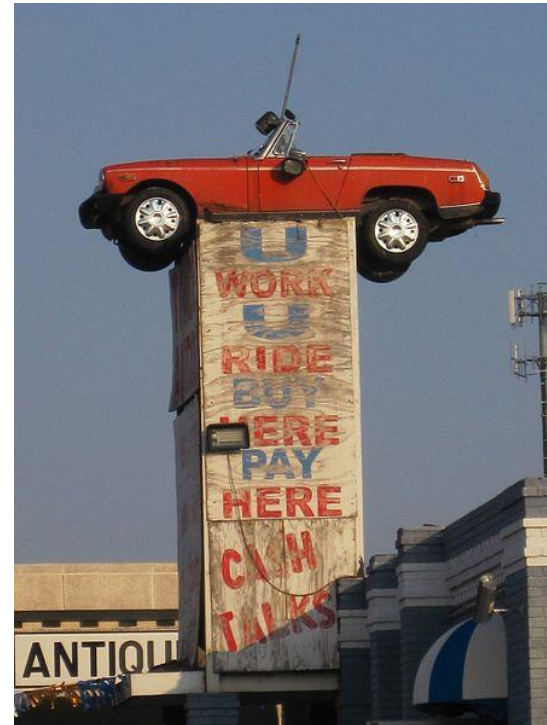
Mortgage and Real Estate Related Fraud

- * Foreclosure rescue schemes
- * Loan modification schemes
- * Illegal property flipping
- * Home equity conversion mortgages (HECM)
- * Illegal lockouts



Automobile Related Fraud

- * Sales & financing fraud
- * Fraud & misrepresentations about defects
- * Forgery
- * Repossession abuses



For Profit School Fraud

- * Fraud and misrepresentation about eligibility, quality of instruction, placement rates
- * Use fraud and deceptive high-pressure sales techniques to obtain signatures on loan documents
- * Schools close abruptly leaving students with significant debt and no degree



Landlord-Tenant Abuses

- * Illegal lockout/eviction
- * Termination of utilities
- * Tenant loses place to live and also property, medicine, important papers



Other Financial Crimes

- * Identity Theft – most common types in 2014:
 - * Government documents/benefits (39%)
 - * Credit Card theft (17%)
 - * Phone/utilities fraud (13%)
 - * Bank Fraud (8%)
- * Internet based financial crimes
 - * Internet crime Complaint Center received over 269,000 complaints in 2014, totaling over \$800 million in losses

Financial and Economic Crimes: The Consequences

- * Loss of home or car
- * Loss of personal property
- * Ruined credit
- * Possible judgment
- * Wage garnishments and bank account attachments
- * For student loans -
ineligibility for additional
loans, tax refund seizures,
social security offsets



Civil Legal Services Can Assist Victims with Recovery

Civil legal services may be able to:

- * Save home, car or other property
- * Recover losses through civil lawsuit
- * Assist with credit repair
- * Obtain loan discharges
- * Stop collection actions



Challenges in Assisting Victims



- * Victims from all income brackets, but low-to- moderate income face most serious consequences
- * Many victims don't reach out for assistance
- * Victims who do reach out are often referred from place to place and then give up
- * Not enough attorneys who handle fraud cases
- * Fraudsters often disappear, making recovery more difficult

Examples of Success Assisting Victims of Financial Crimes

Civil Justice Assists Victims

- * A low-wage single mother was sued by a used car dealer for over \$6000 dollars after it had wrongfully repossessed her car; CJ able to get case dismissed and recovered \$17,000 to compensate her for her losses
- * Woman was illegally evicted by vindictive LL who disposed of all of her property including important documents and family photos; CJ recovered \$65,000 to compensate her for her losses

